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C O N F I D E N T I A L SECTION 01 OF 02 ANKARA 006058

SIPDIS

E.O. 12958: DECL: 09/16/2013

TAGS: [ECIN](#) [ECON](#) [ENRG](#) [IZ](#) [PREL](#) [TU](#)

SUBJECT: TURKEY: AMBASSADOR EDELMAN'S MEETING WITH ENERGY MINISTER GULER

Classified by Ambassador Eric S. Edelman for reasons 1.5 (b) and (d). CPA Baghdad minimize considered.

1. (C) Summary: Ambassador Edelman,s first meeting with Energy and Natural Resources Minister Hilmi Guler focused on Turkey,s efforts to reduce the high prices it pays for natural gas imports, principally from Russia, and Guler,s desire to help U.S. efforts in Iraq. Guler said his Ministry was looking at ways to deliver water and power to Iraq. (Prior to the meeting, the Ministry announced the successful start of power supplies (50 megawatts) to Iraq). Guler discussed some ambitious, long-term ideas, such as the Peace Pipeline to deliver Turkish water to the Middle East and bypass pipelines to reduce tanker traffic through the Bosphorus. End Summary.

#### US Support for Turkey,s Energy Goals

2. (SBU) Ambassador Edelman paid a courtesy call September 17 on Energy and Natural Resources Minister Hilmi Guler. Edelman emphasized the strong support of the U.S. for the East-West Energy Corridor and congratulated Minister Guler on the progress on the BTC pipeline, which will bring a new source of oil supply to world markets. Looking ahead, the U.S. is interested in the prospects for Turkey to become a hub for natural gas exports to Europe. Edelman also noted how important it was for Turkey to succeed in its efforts to liberalize the energy market and offered U.S. help, including assistance from the Trade and Development Agency. He noted that U.S. power companies remain interested in the opportunities to invest in Turkey,s changing energy sector, but urged that the problems faced by U.S. firms involved in Build-Operate-Transfer (BOT) projects needed to be cleared up before other companies will come.

#### GOT Priority is Lowering Natural Gas Prices

3. (C) Guler stressed that he wanted to build a more effective relationship with the U.S, although he avoided responding to U.S. concerns about the BOT issue. He said that he attached great importance to the BTC pipeline and was eager to bring the project on line on schedule. He said that a great concern for his Ministry was the cost of natural gas, which accounts for 65% of Turkey,s power production. The chief problem is the high price Turkey is paying for long-term contracts from Russia, especially the &very expensive8 natural gas from the Russian Bluestream project. Negotiations with Russia to reduce natural gas prices are near completion, Guler said. He added that the Russians do not want to see the Shah-Deniz gas pipeline project, which would bring natural gas from Azerbaijan to Turkey, go forward. Guler said he was thinking about long-term alternatives for cheaper gas supplies, including from Turkmenistan, Iran or Iraq. On Iraq, Guler mused that someday Iraq could use its great natural gas resources to produce electricity to sell to Turkey.

#### Iraq

4. (SBU) In the near term, Guler said Turkey wanted to help the U.S. bring stability and prosperity to Iraq and was ready to provide "any assistance we can." He said two important needs for that country are electric power and water. Guler told Ambassador Edelman that he recently discussed with Energy Ministry experts ways his Ministry could contribute to Iraq. Three immediate ideas were: to ship fresh water to Iraq by train; to mend electricity lines between the two countries to increase Turkish power sales to Iraq; and to ship gasoline by train.

5. (C) Ambassador Edelman welcomed Guler,s expression of support and ideas to help the situation in Iraq -- more can be done and the U.S. would welcome further efforts by Turkey. He noted that security remains a difficult issue impeding efforts in Iraq. For example, Iraqi resistance has targeted water infrastructure and oil pipelines, which worsens the

humanitarian conditions. He said that U.S. would welcome Turkey,s contribution to stabilization forces in Iraq. Guler offered that perhaps Turkey could provide "special civil teams" to protect the pipelines. Edelman said that Turkey should raise these ideas with the Coalition Implementation Council. He added that the recent initiation of power sales by Karadeniz Power to Iraq was a very positive development. Guler called it a win-win-win, referring to the benefits it brings to Iraq, Turkey and the U.S.

#### Bosphorus Bypass

16. (U) Guler said he was interested in exploring ways to reduce the transit of oil tankers through the Bosphorus. He raised two ideas to bring oil from tankers in the Black Sea to the Mediterranean -- one crossing Thrace and the other paralleling Bluestream and on to Ceyhan. Edelman said the U.S. shared Turkey,s safety and environmental concerns about rising oil tanker traffic through the Bosphorus. He emphasized, however, that projects to bypass the Bosphorus needed to be commercially viable in order to attract the kind of investment needed for such projects.

#### Water

17. (U) Ambassador Edelman noted that Guler had cancelled recently a planned trip to Israel to discuss shipments of water. Guler said that there was no problem with the project; he was forced to cancel the trip for medical reasons. Guler went on to describe his hopes to use Turkey's water resources to bring peace to the region. In addition to shipping water to Israel, he wanted to explore abandoned plans for a peace pipeline bringing water from Turkey to the Middle East as far as the Gulf States.

18. (C) Comment: Guler was clearly interested in mobilizing his Ministry to do what it can to help in Iraq, specifically by addressing near-term needs for power, fuel and water. We will work with the Ministry to encourage follow through on these suggestions. However, Guler also was clearly fishing for U.S. support for some extremely ambitious ideas, such as using Turkey,s water resources to bring peace to the region. Although some of his ideas appear impractical, we view his interest in water as an important opportunity to engage the Ministry in discussions about regional water issues, including the Tigris-Euphrates basin. End Comment.  
EDELMAN